

**IN THE TENNESSEE REGULATORY AUTHORITY  
AT NASHVILLE, TENNESSEE**

**IN RE:**

**Petition of Piedmont Natural Gas Company,  
Inc. for Approval of Service Schedule No.  
317 and Related Energy Efficiency  
Programs**

**DOCKET NO. 09-00104**

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**CONSUMER ADVOCATE'S STATEMENT OF ISSUES**

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Pursuant to the directives of the Hearing Officer, the Consumer Advocate and Protection Division of the Office of the Attorney General ("Consumer Advocate") respectfully submits the following statement of issues which should be considered in the decoupling proposal submitted in this matter by Piedmont Natural Gas Company, Inc. ("Piedmont"). The Consumer Advocate frames these issues in the context of the State of Tennessee's new conservation policy enumerated in Section 53 of Public Chapter 531. The State's new policy is as follows:

The general assembly declares that the policy of this state is that the Tennessee regulatory authority will seek to implement, in appropriate proceedings for each electric and gas utility, with respect to which the authority has rate making authority, a general policy that ensures that utility financial incentives are aligned with helping their customers use energy more efficiently and that provides timely cost recovery and a timely earnings opportunity for utilities associated with cost-effective measurable and verifiable efficiency savings, in a way that sustains or enhances utility customers' incentives to use energy more efficiently.

On July 16, 2009, Piedmont Natural Gas, Inc. ("Piedmont") proposed a decoupling mechanism in an effort to implement the State's policy. Based upon the information in Piedmont's Petition, the Consumer Advocate is not satisfied at this time that Piedmont's decoupling mechanism is a balanced approach from which to carry out Tennessee's new

conservation policy. In this proceeding, the Consumer Advocate seeks the TRA's consideration of the following issues to ensure any proposed mechanism is consistent with the State's new policy.

**Issues**

1. Whether the implementation of Piedmont's proposed decoupling mechanism guarantees and stabilizes revenues and lowers the business risk of Piedmont, thus justifying an adjustment to the rate of return.

2. Whether the customer usage level set in Piedmont's last rate case in Docket 03-00313 is an appropriate benchmark for truing up and normalizing Piedmont's decoupling mechanism or whether more recent customer usage levels should be utilized.

3. Whether modifications to Piedmont's proposed decoupling mechanism are required in order to balance the interests of consumers and Piedmont as required by the State's policy.

4. Whether Piedmont's decoupling mechanism is the most appropriate mechanism for carrying out the State's energy conservation policy, contained in Section 53 of Public Chapter 531, or if an alternative mechanism is more appropriate to fulfill the policy goals established by the General Assembly.

5. Whether the proposed decoupling mechanism or any alternative proposal should take into account the impact of natural gas market prices on customer usage.

6. Whether the conservation programs proposed by Piedmont will achieve cost-effective results and measurable and verifiable efficiency savings in a way that sustains or enhances utility customers' incentives to use energy more efficiently.

7. Whether the TRA should set specific, verifiable, known and measurable energy efficiency goals and benchmarks for any energy efficiency or conservation program approved.

The Consumer Advocate would note that many of these issues are factually intensive and detail oriented. As the Consumer Advocate has discussions with and receives information from Piedmont, some issues may be resolved. However, the Consumer Advocate reserves the right to submit additional issues should new information arise during the discovery process.

RESPECTFULLY SUBMITTED,

Robert E. Cooper, Jr., BPR No.10934—  
Attorney General and Reporter



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Dated: October 8, 2009.

CERTIFICATE OF SERVICE


I hereby certify that a true and correct copy of the foregoing Statement of Issues was served via U.S. Mail or electronic mail upon:

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This the 8 day of October, 2009.

  
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Ryan L. McGehee